**BEI/Com/201/2/2023**

**Embassy of India**

**Beirut**

**….**

**No. BEI/COM/201/01/2021 09.07.2024**

**ANNUAL ECONOMIC & COMMERCIAL REPORT: 2023**

**1.** **OVERVIEW**

Lebanon a small country with around 6 million populations mostly relies on imports as it does not have any significant manufacturing base.  Before the beginning of the ongoing economic crisis, in 2019, Lebanon's total Imports were US $ 19.64 billion which drastically fell to US $ 11.35 billion in 2020.  The country has started to recover from the year 2021 with imports rising to US $ 13.84 billion, this further increased to US $ 19.50 billion in 2022 and in 2023, the figure of Lebanon's imports exceeded US $ 20 billion.

Since the beginning of the economic crisis, the Mission has been promoting India as import source for Lebanon. Several business seminars were organised focusing on electronics goods, engineering goods, gems and jewelry, pharmaceuticals, and food & agriculture, of late, with the efforts of the Mission and active outreach activities export from India to Lebanon has increased tremendously. The exports from India to Lebanon in 2019-20 were US $ 190 mn, which increased to US $ 313 mn in years 2021-22 and US $ 403 mn in 2022-23 respectively. However, in the year 2023-24 due to the ongoing conflict between Israel and Lebanon and disruption of shipping lines in the Red sea (due to attacks on merchant ships), India’s exports to Lebanon were largely affected and fell down to US 345 mn. The exports from Lebanon to India also showed a significant increase from US $ 30.9 mn in 2019-20 to US $ 32.46 mn in 2021-22, US $ 92.49 mn in 2022-23 and US $ 112.90 mn in 2023-24.

Lebanon’s Minister of Industry, MP George Boushikian paid an official visit to India, to attend the World Food International (WFI-2023) in New Delhi from November 3-5, 2023. The visiting Minister attended the inauguration ceremony of WFI-2023 by the Hon. Prime Minister of India Shri Narendra Modi. On November 4, 2023 the Indian Minister of Food Processing Industries Shri Pashupati Kumar Paras held a meeting with the Lebanese Minister and discussed bilateral relations and the prospects of enhancing cooperation between the two countries in Agriculture and food processing industries. The Lebanese Minister expressed his country’s desire for cooperation in Food Processing Industries of both sides. The Lebanese Minister also visited the ICAR-Indian Agricultural Research Institute (IARI), where he was given a briefing/demonstrations of new and advanced agriculture techniques. He was taken to the Millets farm in the IARI complex and was given a detailed briefing about the Millet’s farming. The visiting Minister sought India’s cooperation in enhancing Millet’s production in Lebanon.

Mission’s efforts to promote Indian exports are proving successful, because of which India is now 11th largest import source for Lebanon (according to latest figures from Lebanese Customs). There is, however, a lot of potential in trade between the two countries.

**2. Economic** **Indicators** **of** **Lebanon:**

**i. Gross Domestic Product:**

|  |  |  |
| --- | --- | --- |
| **GDP** | **2022** | **2023** |
| GDP | US$ 20.99 Bn | US$ 17.94 Bn |
| GDP Growth Rate (%) | -0.6 | -0.2 |
| GDP (per capita) | US$ 3823.9 | US$ 3350.3 |

*Source: https://data.worldbank.org/country/lebanon*

*https://www.worldeconomics.com/Country-Size/Lebanon.aspx*

**ii. International Reserves of Lebanon:**

|  |  |  |  |
| --- | --- | --- | --- |
| **International** **reserves** (US$ bn) | **2021** | **2022** | **2023 (Up to September)** |
| Total international reserves | US$ 159.06 | US$ 169.4 | US$ 104.69 |
| Change% | 3.52 | 6 | - |

*Source:* [*https://blog.blominvestbank.com/47923/bdls-foreign-reserves-at-13-93b-by-mid-september-while-liquid-fx-reserve-assets-came-at-8-498b-in-august/*](https://blog.blominvestbank.com/47923/bdls-foreign-reserves-at-13-93b-by-mid-september-while-liquid-fx-reserve-assets-came-at-8-498b-in-august/)

**3. LEBANON GLOBAL TRADE:**

**i. Total import of Lebanon from the world and from India.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Year** | **Import from the world**  **US$ mn.** | **Change % over past year** | **Import from India**  **US$ mn.** | **Change %**  **over past year** |
| 2019 | 19,640 | -3.71 | 344 | -5.83 |
| 2020 | 11,350 | -42.27 | 150 | -57.05 |
| 2021 | 13,850 | +22.02 | 263 | +75.33 |
| 2022 | 19,503 | +40.81 | 608 | +131% |
| 2023 | 18,125 | -7.07 | 457 | -24.84 |

*Source: http://www.customs.gov.lb*

**ii.** **The principal export destinations of Lebanon.**

*Source: Lebanese Customs*

|  |  |  |
| --- | --- | --- |
| **Ranking** | **Name of the Country** | **2023 (Jan – Dec)**  **US$ Million** |
| 1 | United Arab Emirates | 814 |
| 2 | Turkey | 362 |
| 3 | Iraq | 235 |
| 4 | Egypt | 226 |
| 5 | Airline Supplies | 185 |
| **24** | **India** | **36** |

**iii.** **The principal import sources of Lebanon.**

*Source: Lebanese Customs*

|  |  |  |
| --- | --- | --- |
| Ranking | Name of the Country | **2023 (Jan – Dec)**  **US$ Million** |
| 1 | China | 2,088 |
| 2 | Greece | 1,778 |
| 3 | Switzerland | 1,752 |
| 4 | Turkey | 1,379 |
| 5 | Italy | 1,120 |
| **11** | **India** | **457** |

**4. Bilateral:**

The bilateral trade between India and Lebanon has also started showing upward trend from US $ 218.33 mn in 2020-21 to US $ 345.61 in 2021-22 and further to US $ 495.49 mn in 2022-23 respectively. However, in the year 2023-24 due to the ongoing conflict between Israel and Lebanon and because of problems of disruption of shipping lines in the Red Sea (due to attacks on merchant ships), India’s exports to Lebanon as well as imports from Lebanon were largely affected and it fell down to US $ 457.76 mn.

Lebanon’s Minister of Industry, MP George Boushikian paid an official visit to India, to attend the World Food International (WFI-2023) in New Delhi from November 3-5, 2023. The visiting Minister attended the inauguration ceremony of WFI-2023 by the Hon. Prime Minister of India Shri Narendra Modi. On November 4, 2023 the Indian Minister of Food Processing Industries Shri Pashupati Kumar Paras held a meeting with the Lebanese Minister and discussed bilateral relations and the prospects of enhancing cooperation between the two countries in Agriculture and food processing industries. The Lebanese Minister expressed his country’s desire for cooperation in Food Processing Industries of both sides. The Lebanese Minister also visited the ICAR-Indian Agricultural Research Institute (IARI), where he was given a briefing/demonstrations of new and advanced agriculture techniques. He was taken to the Millets farm in the IARI complex and was given a detailed briefing about the Millet’s farming. The visiting Minister sought India’s cooperation in enhancing Millet’s production in Lebanon. Mission’s efforts to promote Indian exports are proving successful, because of which India is now 11th largest import source for Lebanon (according to latest figures from Lebanese Customs). There is a lot of potential in trade between the two countries.

**(i) Imports from India as a percentage of total and the same for exports to India as a percentage of India’s total: (2023)**

Export to Lebanon from India = US$ 457 mn. (3.13% of India’s export)

Import from Lebanon = US$ 36 mn. (0.42% of India’s import)

**(ii)** **Total Trade with India (In Millions USD).**

*Source: D/o Commerce*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Year** | **Export to Lebanon**  **US$ mn** | **Change %** | **Import from Lebanon**  **US$ mn** | **Change %** | **Total Trade**  **US$ mn** | **Change %** |
| 2017-18 | 257.10 |  | 38.47 |  | 295.57 |  |
| 2018-19 | 268.67 | 4.5 | 43.94 | 14.20 | 312.60 | 5.76 |
| 2019-20 | 203.97 | -24.08 | 30.94 | -29.59 | 234.91 | -24.85 |
| 2020-21 | 190.38 | -6.67 | 27.95 | -9.63 | 218.33 | -7.06 |
| 2021-22 | 313.14 | 64.48 | 32.46 | 16.13 | 345.61 | 58.29 |
| 2022-23 | 403 | 29 | 92.49 | 187.59 | 495.49 | 71 |
| 2023-24 | 344.86 | -14.4 | 112.90 | 122.82 | 457.76 | -7.62 |

**(iii) .** **Top** **ten** **import** **from** **India** **commodity-wise for 2023 (Calendar Year).**

*Source: Lebanese Customs*

|  |  |  |  |
| --- | --- | --- | --- |
| **SI** | **HS Code** | **Description** | **Import**  **Thousand $** |
| 1. | 16 | Machinery; electrical instruments | 65,272 |
| 2. | 05 | Mineral products | 57,267 |
| 3. | 14 | Pearls, precious stones and metals | 54,195 |
| 4. | 06 | Products of the chemical or allied industries | 51,924 |
| 5. | 02 | Vegetable products | 47,284 |
| 6. | 01 | Live animals; animal products | 41,567 |
| 7. | 17 | Vehicles, aircraft, vessels, transport equipment | 29,966 |
| 8. | 13 | Articles of stone, plaster, cement, glass | 24,062 |
| 9. | 04 | Prepared foodstuffs; beverages, tobbaco | 22,725 |
| 10. | 11 | Textiles and textile articles | 19,799 |

**iv. Top** **ten** **export** **to** **India** **commodity-wise** **for 2023**

|  |  |  |  |
| --- | --- | --- | --- |
| **SI** | **HS Code** | **Description** | **Export**  **Thousand $** |
| 1. | 05 | Mineral products | 22,149 |
| 2. | 15 | Base metals and articles of base metal | 11,376 |
| 3. | 02 | Vegetable products | 1,023 |
| 4. | 06 | Products of the chemical or allied industries | 475 |
| 5. | 14 | Pearls, precious stones and metals | 368 |
| 6. | 16 | Machinery;electrical instruments | 334 |
| 7. | 10 | Pulp of wood; paper and paperboard | 256 |
| 8. | 18 | Optical, photographic,medical, musical instruments | 157 |
| 9. | 01 | Live animals; animal products | 75 |
| 10. | 04 | Prepared foodstuffs; beverages, tobbaco | 52 |

**v. India’s export target for 2023-24 with Lebanon with previous year’s figures and achievements.**

*Source: D/o Commerce*

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **S. No.** | **Commodity** | **2019-20** | **2020-21** | **2021-22** | **2022-23** | **2023-24** | | |
|  |  |  |  |  |  | **Target Achieved** | **Target Set for 2023-24** | **% of Target achieved** |
| 1 | Engineering Goods | 43.6 | 29.7 | 60.4 | 87.4 | 74.72 | 103.2 | 72.40 |
| 2 | Gems And Jewellery | 9.8 | 4.6 | 9.8 | 12.4 | 12.72 | 14.6 | 87.12 |
| 3 | Petroleum Products | 0.5 | 1 | 0.3 | 0.6 | 0.4 | 0.7 | 57.14 |
| 4 | Drugs And Pharmaceuticals | 28.7 | 30.4 | 36.8 | 36 | 41.18 | 37 | 111.29 |
| 5 | Organic & Inorganic Chemical | 22.9 | 20.7 | 30 | 28.6 | 32.81 | 28.2 | 116.34 |
| 6 | Rmg Of All Textiles | 3.7 | 1.1 | 1 | 2.5 | 2.94 | 2.9 | 101.37 |
| 7 | Electronic Goods | 7.9 | 14.6 | 50 | 79 | 12.41 | 102.9 | 8.29 |
| 8 | Cotton Yarn/Fabs./Madeups, Handloom Products Etc. | 4.7 | 4.8 | 9.9 | 5.8 | 7.62 | 6.4 | 119.06 |
| 9 | Rice | 13.7 | 9 | 9.4 | 13.8 | 24.72 | 11.4 | 216.84 |
| 10 | Plastic And Linoleum | 10.4 | 10.8 | 20.7 | 11.9 | 11.77 | 11.9 | 98.90 |
| 11 | Marine Products | 7.1 | 2.3 | 5 | 6.8 | 9.34 | 8.3 | 112.53 |
| 12 | Iron Ore | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 13 | Spices | 0.8 | 1.4 | 1.9 | 1.4 | 2.59 | 1.5 | 172.66 |
| 14 | Man-Made Yarn/Fabs./Madeups Etc. | 4.5 | 2.1 | 4.5 | 4.5 | 4.12 | 4.5 | 91.55 |
| 15 | Mica, Coal And Other Ores, Minerals Including Process | 5 | 4.8 | 5.7 | 5 | 3.67 | 5.1 | 71.96 |
| 16 | Meat, Dairy And Poultry Products | 7.2 | 7.5 | 27.3 | 30.5 | 34.67 | 35.7 | 97.11 |
| 17 | Leather And Leather Manufactures | 0.4 | 0.3 | 0.4 | 0.5 | 0.48 | 0.5 | 96 |
| 18 | Ceramic Products And Glassware | 4.6 | 8.4 | 6.8 | 12.6 | 13.59 | 14 | 97.07 |
| 19 | Fruits And Vegetables | 2.3 | 2 | 1.7 | 2.7 | 4.36 | 2.7 | 161.48 |
| 20 | Cereal Preparations And Miscellaneous Processed Item | 1.6 | 0.4 | 0.7 | 1.7 | 2.45 | 1.6 | 153.12 |
| 21 | Handicrafts Excl. Hand Made Carpet | 0.9 | 0.4 | 0.3 | 0.9 | 0.8 | 1.0 | 80 |
| 22 | Oil Meals | 0 | 0 | 0 | 0 | 0.01 | 0 | 100 |
| 23 | Carpet | 1.1 | 0.1 | 0.2 | 0.5 | 0.83 | 0.3 | 276.66 |
| 24 | Oil Seeds | 10.5 | 9 | 8.4 | 7.4 | 15.21 | 7.4 | 205.54 |
| 25 | Tobacco | 0.1 | 0 | 0.2 | 0.2 | 0.06 | 0.2 | 30 |
| 26 | Tea | 0.3 | 0.8 | 0.6 | 0.4 | 0.44 | 0.6 | 73.33 |
| 27 | Coffee | 0.5 | 1.1 | 3.7 | 6.6 | 7.03 | 7.1 | 99.01 |
| 28 | Other Cereals | 0 | 0 | 0 | 0 | 0.03 | 0 | 300 |
| 29 | Cashew | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 30 | Jute Mfg. Including Floor Covering | 0.7 | 0.1 | 1 | 0.3 | 4.71 | 0.4 | 1177.5 |
| 31 | Others | 10.4 | 22.8 | 16.2 | 43.2 | 19.18 | 46.8 | 42.05 |
|  | **Total** | **204** | **190** | **313** | **403** | **344.86** | **457** | **75.46** |

**(vi) Top** **5** **competitors** **of** **India’s** **top** **5** **exports**

|  |  |  |  |
| --- | --- | --- | --- |
| **S.No.** | **Commodity** **(including** **HS** **codes)** | **Competitors** **(In Thousand$)** | **Strategy** **of** **competitors** **(pricing,** **quality,** **distribution** **network,** **local** **tie** **ups** **etc.)** |
| 1 | Pearls, precious stones and metals:  HS codes : 14 | United Arab Emirates(367,348)  Turkey (203,998)  Italy (137,845)  Switzerland (317,728)  United States (67,872)  **India (368) (Rank: 23rd** **)** | United Arab Emirates - price  Switzerland and Italy- quality  United States and Turkey - distribution network |
| 2 | Machinery;electrical instruments :  HS codes : 16 | Iraq (108,100)  United Arab Emirates (67,315)  France (55,482)  Congo (30,474)  Cyprus (27,686)  **India (334) (Rank: 71st** **)** | Iraq – Price  UAE- Brands  France - EU- Free Trade Agreement |
| 3 | Base metals and articles of base metal  HS codes :15 | Egypt (93,719)  Korea, Republic of (67,963)  Spain (40,337)  Turkey (38,767)  Greece (38,078)  **India** **(11,376) - (10th)** | Egypt and Korea- Price  Turkey and Greece – quality  Spain Free Trade Agreement |
| 4 | Mineral products  HS codes :5 | Airline Supplies (185,288)  Greece (57,869)  Egypt (53,189)  Libyan Arab Jamahiriya (50,547)  **India (94,204) - (5th)** | Egypt and Greece – Price and distribution network  India - quality |
| 5 | Prepared foodstuffs; beverages, tobbaco :  HS codes: 4 | United States (38,600)  Iraq (35,480)  United Arab Emirates (32,878)  Qatar (26,356)  Jordan (24,601)  **India (52) - (102nd )** | USA - better quality  Iraq - Price  United Arab Emirates and Jordan - quality |

**(vii) Visas and Trade Queries**

Number of Business Visas issued in 2023 : 419

Number of Tourist Visas issued in 2023 : 801

Trade queries for import/Exports in 2023

Trade queries from India : 771

Trade queries from Lebanon : 31

**(viii) Technology Collaborations/ Joint Ventures:**

* A number of Lebanese companies have their presence in India including Dar Al Handasaa (architecture consultant and project monitoring), Khatib and Alamy (architecture consultant and project monitoring) and Future Pipes etc. Dar Al Handassa which has a big office in Pune (almost 1000 Indian employees) has recently opened a new office in Bangalore with 600 Indian employees.
* Target Food is a readymade food company engaged with an Indian company and started to import Basmati Rice
* Abido contacted some companies and received some samples of spices and spices raw materials, converting the samples into an actual order with a contact amounted around 60,000$ that has been shipped to them. This shipment is just the beginning of a long term business relationship with their new Indian partner “Nani Agro”.
* Masrilivestock is a company for frozen meat had cooperated with one Indian company and started to import Frozen Meat
* Choueiry Group in Lebanon signed a contract with Hinduja Group for importing Ashok Leyland Trucks to Lebanon. They have already imported heavy trucks for Lebanon. Last year the group imported two 50-seater busses for UN which were assembled in UAE and sent by shipping consignment.
* Ouzanian company for Jewelry is importing precious and semi-precious stones from India
* An Indian power management company OEG, won the award for maintenance of two power plants in Lebanon along with its Lebanese partner, MEP in 2018. The company has been successfully managing two power plants in Jiyeh and Zoukh since 2018.
* A.N. Boukhather SAL (ANB Holdings), is the representative of Bajaj Motors in Lebanon, dealing in 2 and 3 wheelers for a long time. In 2021 ANB has set up an assembly plant to assemble Bajaj 2 wheeler, adding local design features to market it in Lebanon. This is a significant technology collaboration. Given the economic crisis in Lebanon, there is a huge growth potential of 2 and 3 wheeler as cost-effective transport solutions.
* Technica International a very reputed Lebanese company involved in automation and robotic solutions is in talks with an Indian company Panamax, to implement an ERP software for the company.
* Benta Pharmaceutical has established its entire production line based on Indian machinery. The company also import significant quantities of APIs from India.
* A Lebanese company is setting up a new assembly line for production of some essential drugs in its plant in Saida in collaboration with Indian pharma companies

**(ix) Trade Related Events organized by Embassy of India in 2023:**

|  |  |  |  |
| --- | --- | --- | --- |
| **SI** | **Name of the Event** | **Date** | **Description** |
| **1.** | Incredible Gujarat | 12.05.2023 | Embassy of India, Beirut organised Tourism Seminar ‘Incredible Gujarat’ with the support of Association of Travel and Touristic Agents in Lebanon and Gujarat State Tourism Department. The seminar was chaired by Mr. Sandeep Grover and Mr. Raymond Wehbe, General Secretary of ATTAL.  Dr. Sourabh Pardhi, MD, Gujarat Tourism gave a detailed presentation. Prominent Board Members of ATTAL joined the Seminar. A number of travel agents from Lebanon and India also joined and had interactive session. |
| **2.**  **3.** | Seminar on International Year of Millets  Ayurveda Day | 30.08.2023  10.11.2023 | The Embassy of India in Beirut celebrated the International Year of Millets and organized a seminar on millets on August 30,2023 in Hotel Coral Beach, Beirut  The Embassy organized a Seminar on Ayurveda. Ambassador Shri Mohammad Noor Rahman Sheikh and a panel of experts on Ayurveda talked about benefits of Ayurveda in today’s world. |
| **4.** | Business Seminar | 14.12.2023 | The Embassy of India organised a Business Seminar on 14 January, 2023 with the participation of leading businessmen in Lebanon. Minister of Agriculture HE Dr. Abbas El Hajj Hasan and Minister of Information HE Mr. Ziad Makary also attended. Ambassador of India to Lebanon HE Mohammad Noor Rahman Sheikh spoke about ways to enhance trade relations between India and Lebanon. Ambassador chaired the panel discussion along with the Director General of the Ministry of Industry Ms. Chantal Akl and businessmen of various sectors. |

**(x) Trade Related Outgoing Delegations from Lebanon to India in 2023:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **SI** | **Name of the Event** | **Date** | **No. of Participants** | **Description** |
| 1 | Aero India 2023 | 13.02.2023 – 17.02.2023 | 2 | Mission facilitated Brig Gen Fady Abou Haidar & Capt Eng Ali Zibara from Lebanon to participate in Aero India 2023 that was held from 13 till 17 February, 2023 in Bengaluru. |
| **2** | ELECRAMA 2023 | 18.02.2023 – 22.02.2023 | 1 | Mission facilitated Mr. Jad Moukanzah from Overstaq S.a.r.l. , a businessman from Lebanon to participate in ELECRAMA 2023 that was held from 18 till 22 February, 2023 which was organized by the Indian Electrical and Allied Electronics Industry (IEEMA) at the India Expo Mart, Greater Noida. Mr. Jad Moukanzah, who is an Electrical Engineer and Business Developer in the Power, Industrial, and the Energy Sectors, held several B2B with the Indian exporters. |
| **3** | India Fashion Tex-2023 | 20-03-2023 22-03-2023 | 7 | The mission facilitated the Lebanese textile importers to participate in the 'India Fashion Tex-2023', a three Days Reverse Buyer-Seller Meet, organised by Wwepc India PDEXCIL EPC Ministry of Textiles, Government of India and Department of Commerce, GoI in New Delhi during March 20-22, 2023 and met with Indian textile exporters. |
| **4** | 14th India International Silk Fair | 22.03.2023 24.03.2023 | 2 | The mission facilitated the Lebanese lux and modern bridal designers to participate in the '14th India International Silk Fair ', a three Days Reverse Buyer-Seller Meet, organised by The Indian Silk Export Promotion Council in New Delhi during March 22-24, 2023 and met with the executive director of the council and with Indian silk exporters as well. |
| **5** | International Gem & Jewellery Show (IGJS) | 01.04.2023 03.04.2023 | 12 | The mission facilitated the Lebanese jewelers to participate in the 'International Gem & Jewellery Show (IGJS)', a three Days Reverse Buyer-Seller Meet, organised byThe Gem & Jewellery Export Promotion Council (GJEPC) in Jaipur during April 01-03, 2023 and met with the ……. |
| 6 | Indian Fashion Jewellery and Accessories Show | 26.06.2023 28.06.2023 | 5 | The mission facilitated the Lebanese businessmen and businesswomen to participate in the 'Indian Fashion Jewellery and Accessories Show', a two Days Reverse Buyer-Seller Meet, organised by EPCH in India during June 26-28, 2023. |
| 7 | UP International Trade Show | 21.09.2023 – 25.09.2023 | 5 | The mission facilitated the Lebanese businessmen and businesswomen to participate in the UP International Trade Show, a three Days Reverse Buyer-Seller Meet, organised by FIEO in India during September 21-25, 2023. |
| 8 | World Food International (WFI-2023) | 03.11.2023 05.11.2024 | 3 | Lebanon’s Minister of Industry, MP George Boushikian paid an official visit to India, to attend the World Food International (WFI-2023) in New Delhi from November 3-5, 2023. The Minister attended the WFI-2023 and also held a meeting with the India’s Minister of Food Processing Industries Shri Pashupati Kumar Paras and discussed bilateral relations and the prospects of enhancing cooperation between the two countries in Agriculture and food processing industries. He also visited the ICAR-Indian Agricultural Research Institute (IARI), where he was given a briefing/demonstrations of new and advanced agriculture techniques. He was taken to the Millets farm in the IARI complex and was given a detailed briefing about the Millet’s farming. |
| 9 | Indus Food 2023 | 08.01.2023 – 10.01.2023 | 30 | Mission facilitated 30 delegates from Lebanon to participate in Indus Food 2023 from 08 till 10 January, at Noida |

**(xi) Details of activities for promoting tourism to India:**

* **Incredible Gujarat:** Embassy of India, Beirut organized Tourism Seminar ‘Incredible Gujarat’ on May 12, 2023 with the support of Association of Travel and Tourist Agents in Lebanon and Gujarat State Tourism Department. The seminar was chaired by Cd’A Mr. Sandeep Grover and Mr. Raymond Wehbe, General Secretary of ATTAL. Dr. Sourabh Pardhi, MD, Gujarat Tourism gave a detailed presentation. Prominent Board Members of ATTAL joined the Seminar. A number of travel agents from Lebanon and India also joined and had interactive session.

**(xii) Details of capacity building and other projects in the host country financed by Government of India and status of their implementation:**

* India offers 75 ITEC slots to Lebanon annually. During the year 2023-2024, 21 Lebanese officials participated in ITEC.

**4.** **INTERNAL**

(**a) Economy**

**(i) Industry and Agriculture**

Access to agricultural inputs, which are mostly imported, including seeds, fuel, fertilizers, plant protection materials and feed, remained constrained by high prices due to the currency collapse on the parallel FX market. The high costs of agricultural inputs and lack of labor remain the main crop and livestock production difficulties, while higher transportation costs, lower sale prices and lower demand are the most cited sales challenges by both crop and livestock producers. Access to labor, as a reported production difficulty, is increasing mainly due to the shortage of agricultural farm labor and/or labor requesting higher daily wages, as per FAO. In an attempt to face the high costs of imported agricultural inputs, farmers are tapping substitutes, such as relying more on manure from cows, goat and chicken or using domestically produced seeds.

At the level of the industrial sector, Lebanese manufacturers continue to face supply chain issues and bottlenecks, which are resulting in consumer goods shortages, feeding through into supply-side inflation and higher raw materials costs. This was exacerbated by a weak business environment, as Lebanon suffers from high levels of perceived corruption, burdensome procedures, weak infrastructure and shortages of basic services, including electricity.

**Source: Bank Audi – Lebanon Economic Report (2nd Quarter 2023)**

**(ii) Unemployment**

In 2023, the unemployment rate in Lebanon remained nearly unchanged at around 11.68 percent. Still, 2023 marked the third consecutive decline of the unemployment rate Published by Aaron O'Neill, Jul 4, 2024 .  
The unemployment rate of a country or region refers to the share of the total workforce that is currently without work, but actively searching for employment. It does not include economically inactive persons, such as children, retirees, or the long-term unemployed. **Source: Bank Audi – Lebanon Economic Report (2nd Quarter 2023)**

**(iii) Inflation**

## Inflation is expected to remain among the highest globally, at a projected 165 percent. Narrow money, inflation, and currency depreciation will continue to shape unstable macroeconomic dynamics in the absence of a new exchange rate and monetary framework.

**Source: Bank Audi – Lebanon Economic Report (2nd Quarter 2023)**

**(b) Trade and Services**

**(i) Trade Balance**

According to the Customs Administration, Lebanon’s trade deficit totaled $13.99B down from $15.56B during the same period last year. Total imported goods dropped by 4.85% year-on-year (YOY) to $18.13B while total exports increased by 18.53% YOY to stand at $4.14B by December 2023.

Lebanon’s balance of payment (BOP) for 2023 — the amount of money flowing into the country versus the amount flowing out – recorded a deficit of around $643 million compared to a deficit of $2.64 billion in 2022. This represents a drop of 75.6 percent between the two years.

**(Source: Lebanon**

**Economic Monitor**

**Spring 2023**

**Global Practice for Macroeconomics, Trade & Investment**

**Middle East and North Africa Region**

**Document of the World Bank)**

**(c)Banking**

**(i) Banking Activity**

The banking sector continued its retrenchment in 2023. It was a year where the economic and financial crisis continued unabated with no corrective measures to arrest the decline. In 2023, the Lebanese banking sector continued to grapple with multiple challenges, including capital controls, liquidity shortages, and a lack of foreign currency reserves. These challenges have led to a loss of trust in the banking system, prompting many Lebanese citizens to seek alternative means to safeguard their assets. Furthermore, the political and economic instability in Lebanon has deterred foreign investment and strained relations with

international financial institutions, hindering the country's ability to access vital financial support and assistance.

In more details, in 2023, the Lebanese banking sector found itself at a critical juncture following the conclusion of Riad Salameh's tenure as the governor of the Banque du Liban (BDL) on July 31, 2023. After three decades at the helm of Lebanon's financial landscape, Salameh left behind an institution encased in outdated structures and burdened by a crisis exacerbated, in part, by its own policies. As such, Wassim Mansouri was appointed as acting governor of BDL and citizens were hopeful that he would bring a degree of change in order to stabilize the banking sector amidst ongoing challenges and reforms. Additionally, in February 2023, the central bank adjusted the official exchange rate from LBP 1507.5 per USD to LBP 15,000 per USD, reflecting the currency depreciation in the country.

As such, the banking sector witnessed a remarkable financial crisis where the number of branches in Lebanon fell from 1,058 by the end of 2019 to 744 by June 2023. Furthermore, the number of commercial banks fell insignificantly from 47 in December 2019 to 46 in June 2023. However, the number of Lebanese Banks’ branches abroad dropped remarkably from 73 in December 2019 to 49 in June 2023, as a few Lebanese banks have exited some foreign markets. Surprisingly, the number of Foreign exchange dealers slightly grew from 303 in December 2019 to 304 in June 2023.

**Source:** [**https://blog.blominvestbank.com/wp-content/uploads/2024/03/Lebanese-Banking-Sector-in-2023.pdf**](https://blog.blominvestbank.com/wp-content/uploads/2024/03/Lebanese-Banking-Sector-in-2023.pdf)

**(ii) Equity and Bond Markets**

**Continuous flight to realty stocks in first half of 2023, bond prices at historical lows amid multifaceted crisis and unprecedented institutional vacuum**

Lebanon’s equity market extended its upward trajectory over the first half of 2023 amid continuous appetite for realty stocks to hedge against crisis. On the other hand, Eurobond prices remained at record lows amid deepened multifaceted crisis, an unprecedented institutional vacuum and continuous delays in implementing long-overdue reforms needed to reach a final deal with the IMF and secure international financial support. In details, the Beirut Stock Exchange remained on the rise in the first six months of 2023, as reflected by a

23.0% expansion in the price index, bearing in mind that equity prices are denominated in domestic US dollars. This was mainly driven by strong price gains in Solidere shares, as market players continued to flock to realty stocks to hedge against crisis and avoid haircuts on their financial placements. A closer look at individual stocks shows that Solidere “A” and “B” shares remained at investors’ radar screen over the first half of the year. Solidere “A” and “B” share prices jumped by 27.1% and 24.3% respectively, hitting US$ 77.40 and US$ 75.00 respectively at end-June 2023. This brought accumulated price gains in Solidere shares to 1,320% and 1,251% respectively since the onset of the crisis on October 17, 2019.

**Source: Bank Audi – Lebanon Economic Report (2nd Quarter 2023)**

**(d)** **Finance**

**(i) Monetary Situation: Currency nosedive halted by BDL’s heavy US dollar injection via “Sayrafa” platform**

The first half of the year 2023 saw “open” sale of cash US dollars via the “Sayrafa” platform since March and a continuous inflow of hard currency, especially during holidays and at the start of the summer tourist season. This helped curbing the rapid currency collapse on the black FX market and allowed the Lebanese pound to stabilize against the US dollar, noting that this compounded with relatively alleviated pressures on FX buffers. The currency exchange rate of Lebanese Pounds and US $ has been pegged at 1 US $ = LBP 89,000.

**Source: Bank Audi – Lebanon Economic Report (2nd Quarter 2023)**

**(e)** **Budget and Taxes**

**(i) Lebanon’s 2023 Draft Budget: Taxing the many, sparing the rich**

Lebanon’s taxation system is notoriously unfair, regressive, fragmented, and leaky to a point that it has deprived the State of fiscal resources and left the middle- and low-income class to foot the bill.

Every year, the Lebanese state can take structural corrective action by preparing and approving a national budget. The budget—which should delineate a government’s fiscal policy each year—is a fundamental tool for political authorities to determine how revenues are collected and expenditures are allocated in line with strategic objectives such as reducing income disparities and enhancing economic activity. Unfortunately, Lebanon’s political class consistently wastes this opportunity by opting for a fiscal framework that maintains the status-quo and caters to the few at the expense of the many.

An examination of the 2023 draft budget revenue structure and articles reveals its consistency with previous years’ drafts, as it disproportionately allocates tax burdens on those with limited income by imposing indirect taxes and minimizing taxes on those with capital and wealth. However, unlike pre-crisis years when Lebanon was able to generate revenue at a rate comparable with similar emerging economies, the country now lags, posing a serious threat to its overall fiscal capacity. The following are six key takeaways from the 2023 budgeted revenue.

**(Source:** [**https://www.thepolicyinitiative.org/article/details/318/lebanon%E2%80%99s-2023-draft-budget-taxing-the-many-sparing-the-rich**](https://www.thepolicyinitiative.org/article/details/318/lebanon’s-2023-draft-budget-taxing-the-many-sparing-the-rich) **\_**

**(f)** **Infrastructure,** **Real** **Estate** **and** **Construction**

**(i) Real Estate Sector**

It is worth noting that confidence in Lebanon’s real estate sector, a major driver to the sector’s recovery, depends heavily on the country’s internal stability. Therefore, the absence of state intervention to stabilize the economy and the absence of real estate financing pose downward risks towards the real estate market’s supply in Lebanon. In sum, as a result of inflation in raw material prices, the devaluation of the Lebanese pound, low demand due to slashed purchasing power, the changing of payment methods as well as a lack of financing for real estate, the supply of real estate in Lebanon’s realty sector has continued to note a sluggish performance. Supply activity within the market is almost completely coming from the continuation of projects initiated prior to the crisis with little forthcoming projects being undertaken.

**(Source:** [**https://pwstg02.blob.core.windows.net/pwfiles/ContentFiles/13502File.pdf**](https://pwstg02.blob.core.windows.net/pwfiles/ContentFiles/13502File.pdf) **)**

**(g) Transport,** **Port** **&** **Airport**

**(i) Port of Beirut: Container Activity up 20.77%**

Caretaker Minister of Public Works and Transportation HE Ali Hamieh, said on 26 May, 2023 that Beirut and Tripoli Port activities have been “prosperous and flourishing”. Transshipment containers in Beirut Port have increased by 76% in April 2023 compared to April 2022.

**Source: NNA**

**(ii) Tertiary sector shows mostly positive performance in H1 2023**

Lebanon’s tertiary sector was at the image of relatively improved domestic economic activity, registering mostly growing performance over the first half of 2023. Airport activity remained on a growth trend, alongside mixed maritime trade indicators. Concurrently, the number of tourists maintained an upward trail in 2023, about US$ 9 billion received in 2023 from 2.2 million tourists over the year compared to 1.5 million tourists last year.

**Source: Bank Audi – Lebanon Economic Report (2nd Quarter 2023)**

**(h) Energy and Environment**

**(i) Lebanon Second to Last Regionally in The 2023 Energy Transition Index**

An article on July 14, 2023 stated that Lebanon came in 112th globally and 12th regionally in the 2023 Energy Transition Index with an ETI score of 45.2, registering 50.1 in terms of system performance and 37.9 in terms of transition readiness. For almost 30 years, Lebanese authorities have failed to properly manage the state-run electricity company, Électricité du Liban (EDL), resulting in widespread blackouts. The decades of unsustainable policies and fundamental neglect, the result of elite capture of state resources, alleged corruption, and vested interests caused the sector to completely collapse in 2021 amid the ongoing economic crisis, leaving the country without power through most of the day.

**Source: Credit Libanais – Economic Research**

**(i)Tourism**

**(i) Tourism revenues up slightly in 2023, says BDL**

Tourism revenues estimated 10 June, 2024 by the Banque du Liban – the only entity in Lebanon to publish official figures for this sector – reached $5.41 billion in 2023, representing a slight increase (+1.7 percent) on the $5.32 billion achieved a year earlier. These are inflows, Money spent in Lebanon by visitors are mainly members of the diaspora.

**Source: L’orient Le Jour**

**(ii) Lebanon’s Hotel Occupancy Rate reached 41.4% 2023**

According to Ernst & Young Middle East hotel benchmark survey, the occupancy rate in Beirut's 4- and 5-star hotels reached **41.4% percentage points (pp) by December 2023**, down from last year's percentage of 48.4%.

**Source: Source: EY, Blom Invest Bank**

**(iii) Lebanese Cars Market Improved by 22.84%**

The Association of Automobile Importers in Lebanon (AIA) has welcomed, in a press release, the continued existence of tax benefits for imported electric cars in the 2024 budget that have been in place since 2018.More specifically, sthese benefits include substantial reductions and exemptions on customs duties and registration fees.

**Source: Source: Rasamny Younis Motor Co sal, BLOMINVEST Bank**

**4.** **LEBANON EXTERNAL**

**(a) Italy – Lebanon**

**Italian Government funds the rehabilitation and solarization of 13 public schools in Lebanon**

on February 13, 2024 the Embassy of Italy in Beirut, through the Italian Agency for Development Cooperation (AICS), is supporting UNICEF’s school rehabilitation programme to create a more conducive learning environment for students and teachers in Lebanon, with a focus on the most vulnerable communities. With funding from Italy, UNICEF has conducted major rehabilitation and solarization works in 7 public schools across the country, so students now attend classes in improved and safer facilities. 6 additional schools are currently under rehabilitation with Italy’s support.

**(b)** **UN – Lebanon**

**UN disburses $84m in livelihoods assistance in first nine months of 2023**

The United Nations (UN) indicated on January 20, 2024 that international contributions to the livelihoods component of the Lebanon Crisis Response Plan (LCRP) reached $40.8m in the first nine months of 2023 compared to $59.1m in the same period of 2022. They represented 16.5% of the $247.5m that the LCPR appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2023. It added that international contributions totaled $16.4m in the first quarter, $5.6m in the second quarter, and $18.8m in the third quarter of 2023. It also noted that $43.3m were carried over from funding received in 2022, which is equivalent to 17.5% of the total appealed funds, and resulted in aggregate funding of $84.1m in the first nine months of 2023. As such, it said that the total funding covered 34% of the funds appealed in the first nine months of 2023, resulting in a funding gap of 66% in the covered period.

**(c) France – Lebanon**

**France provides €14.7m to support educational system**

The Agence Française de Développement (AFD), the development arm of the French Ministry of Foreign Affairs, announced on January 22, 2024 that France will contribute €14.7m to support the Lebanese education system as part of the Transition Resilience Education Fund (TREF) program. It indicated that the donation aims to provide equitable access to quality and inclusive educational services for the most vulnerable girls and boys during two school years. Also, it said that the contribution aims to improve the governance and efficiency of the educational system and to support structural reforms. It pointed out that the AFD will distribute funds in partnership with the United Nations Inter- national Children's Emergency Fund (UNICEF).

1. **(d) UN – Lebanon**
2. **Lebanese Army Receives Second Batch Of Qatari Aid**
3. The Lebanese Army will begin distributing monetary aid donated by the state of Qatar this week, to assist soldiers amidst the economic crisis. This is the second round of financial aid from Qatar. Earlier this year, Qatar announced its intent to donate $60 million to the Lebanese Army, though it is unclear how much of that money was received this week.
4. **(e) China – Lebanon**
5. **Minister of Public Works and Transportation Mr. Ali Hamieh** **oversees arrival of Chinese vessel with advanced cranes at Tripoli Port**
6. Minister of Public Works and Transportation Mr. Ali Hamieh, on December 26, 2023, while welcoming the arrival of the Chinese vessel Hue Zing Long carrying advanced large cranes designed for container handling, at Tripoli Port, underscored Lebanon's need for infrastructural modernization for its revival. He highlighted the country's strategic coastal position on the Mediterranean and the importance of engaging with international entities. Drawing attention to the success of the Port of Beirut's transformation generating over $10 million monthly from $400,000 previously, he reiterated Tripoli Port's designation as a strategic hub for Arab nations. The minister also stressed the efficiency goal of the newly arrived cranes, aiming to reduce ship unloading time by one-third to enhance Tripoli Port's competitiveness globally. He also emphasized the significance of collaborations with global shipping firms to upgrade existing ports into major transit points.

**(Ajay Kumar)**

**Second Secretary (Commerce)**

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